

P-421/ES-90-274 APPROVING CERTIFIED 911 SYSTEM COSTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice M. Vick	Commissioner

In the Matter of **Northwestern Bell Telephone Company's** Second Request for Approval of Certified Actual Costs Associated with the **St. Louis County** 911 Emergency Telephone Services System

ISSUE DATE: May 11, 1990
DOCKET NO. P-421/ES-90-274

ORDER APPROVING CERTIFIED 911
SYSTEM COSTS

PROCEDURAL HISTORY

On July 7, 1981, the Minnesota Public Utilities Commission (the Commission) approved St. Louis County's final plan for the establishment of a 911 Emergency Telephone Services System.

On August 18, 1981, the Commission approved Northwestern Bell Telephone Company's (the Company) 911 costs for the Duluth exchanges of Melrose, Douglas, Calumet, Hemlock and Lake Side in St. Louis County.

On February 1, 1989, the Company placed a portion of a 911 Emergency Telephone System into service in the Biwabik, Buhl, Chisholm, Cook, Hibbing, Mountain Iron, Orr, Virginia and Eveleth exchanges in St. Louis County.

On November 29, 1989, the Company certified the actual costs it incurred for the provision of 911 Emergency Telephone Service in St. Louis County. The certified costs included certain amounts for central office modification costs which the Company previously recorded on its books and records.

Northwestern Bell is now requesting Commission approval of actual 911 system costs. Commission approval is necessary before the Department of Administration (DOA) will make payments for 911 system costs.

FINDINGS AND CONCLUSIONS

Minn. Stat. Section 403.11, subd. 3 states:

Subd. 3 (METHOD OF PAYMENT; CERTIFICATION.) A public utility incurring reimbursable costs under subdivision 1 or 2 shall certify those costs to the commissioner of administration. The certification shall be in a form as prescribed by the commissioner after consultation with the public service commission. If the commissioner and the commission approve the certified costs as appropriate and accurate, the commissioner shall pay the certified costs from money appropriated for that purpose within 90 days following receipt by the commissioner of the certified costs. The commissioner of administration shall estimate the amount required to reimburse public utilities for the state's obligations under subdivisions 1 and 2 of this section and the governor shall include the estimated amount in the biennial budget request.

The Commission finds that the Company would be unlawfully compensated if it recovered the same central office modification costs once from its ratepayers and again from the State of Minnesota.

Northwestern Bell has certified, in writing, that the elements of 911 services and associated costs indicated on Attachment A reflect only charges for services actually rendered in the direct provision of 911 service in St. Louis County.

The amounts appearing on line 1b are the actual capital costs the Company incurred to install central office equipment necessary to switch calls to 911 trunks. The amounts appearing on line 1c are actual costs associated with moving or rearranging existing central office equipment because of 911 installation. The amounts appearing on lines 1b and 1c are traceable to specific telephone company job orders which will be retained in the Company's records. These amounts are one-time costs which will be reimbursed by the State of Minnesota and which will be excluded from the Company's rate base.

The amounts appearing on line 2 are annual recurring costs associated with the 911 central office equipment. These amounts reflect maintenance, administration and gross earnings tax factors. Depreciation is not reflected in these amounts since the Company will be reimbursed for 100% of its capital cost. Income taxes are not reflected in these amounts because only expenses are recovered and consequently there are no taxable profits.

All other charges listed on Attachment A are in accordance with the Company's tariffs.

The Commission finds that the costs for 911 Emergency Telephone Service in St. Louis County which have been certified by the Company are appropriate and accurate.

911 system costs will be recertified on an annual basis to reflect revised maintenance and administration expense factors.

Policy References:

Minn. Stat. Section 403.11 System Costs

Minn. Rules, pt. 1215.1400 Funding Eligibility/Payment of Recurring Costs

Minn. Rules, pt. 1215.1500 Funding Eligibility/Payment of Central Office Modification Costs

ORDER

1. The costs identified on Attachment A accompanying this Order are approved as appropriate and accurate.
2. The Company shall remove or exclude from its books and records all 911 central office modification costs in order to reflect the contribution in aid of construction paid by the State of Minnesota. The Company shall remove the central office modification costs in the following manner:
 - a) The 911 central office capital cost amounts shown on line 1b of Attachment A shall be credited to the asset account where these amounts are now recorded.
 - b) Any depreciation already accrued on 911 investments shall remain in depreciation reserve.
 - c) The 911 central office rearrangement cost amounts shown on line 1c of Attachment A shall be credited to the expense account where initially recorded.
3. Within 30 days of the date of this Order, the Company shall certify to the Commission, in writing, that all 911 central office modification costs have been removed or excluded from the Company's books and records. The certification shall include all accounting entries used to exclude 911 central office modification costs from the Company's books and records.
4. The Company shall certify 911 system costs annually based on the Company's most recent annual report on file with the Commission.
5. This Order does not approve payment of any 911 system costs. Any possible future approval of payment for system costs shall be granted by the Commissioner of the Department of Administration in accordance with the provisions of Minn. Stat. Section 403.11.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)

STATE OF MINNESOTA)
)SS
COUNTY OF RAMSEY)

AFFIDAVIT OF SERVICE

I _____, being first duly sworn, deposes and says:

That on the ____ day of _____ (s)he served the attached

Order approving certified 911 system costs for St. Louis County 911 Emergency Telephone Service
Docket No. P-421/ES-90-274

XX By depositing in the United States Mail at the City of St. Paul, a true and correct copy thereof, properly enveloped with postage prepaid

XX By personal service

XX By inter-office mail

to all persons at the addresses indicated below or on the attached list:

Mr. Willis Miller, Director
Telecommunications Division
Department of Administration
Room G-4 Administration Bldg.
50 Sherburne Avenue
St. Paul, MN 55155

Mr. Arnold A. Albrecht
c/o Mary Dosse
Northwestern Bell Telephone
200 South 5th Street, Room 3A75
Minneapolis, MN 55402

Subscribed and sworn to before me, _____

a notary public, this ____ day of

_____, 1990.

Notary Public